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## Australia

## Citrus

## Annual

## 2006

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**Report Highlights:**

Australian citrus production (Navel and Valencia oranges) in 2006/07 is estimated at 444 TMT. Severe frosts, which occurred in the first half of the Navel harvest, combined with extremely dry conditions, have caused a sharp decline in production.

Estimated exports for 206/07 have been revised upwards sharply to 115 TMT. Industry sources report export demand as very strong and has effectively kept exports at relatively high levels despite the smaller crop.

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Canberra [AS1]  
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**Table of Contents**

<b>SECTION ONE: SITUATION AND OUTLOOK.....</b>	<b>3</b>
General .....	3
Weather conditions .....	3
Production .....	3
Crop Quality.....	4
Market Access .....	4
Exports .....	4
<b>SECTION TWO: STATISTICAL TABLES.....</b>	<b>5</b>
<b>Recent Reports from FAS/Canberra .....</b>	<b>5</b>

**SECTION ONE: SITUATION AND OUTLOOK****General**

At the time of this report, Australia is suffering its worst drought in 100 years. Very dry conditions have greatly depleted soil moisture and have reduced supplies of irrigation water to inland citrus growing areas. Climatic conditions, including frost events, have caused Post to further revise its 2006/07 estimate downward and produce a more conservative forecast of the 2007/08 crop.

Cold and dry winter conditions ultimately led to frost events in mid June (15th and 16th), which are believed to have had a significant impact on citrus production for 2006/07. These frost events have affected production in South Eastern Australia including the South Australian Riverland, Murray Valley and Riverina, areas which account for the overwhelming majority of Australian citrus production.

**Weather conditions**

Nearly all agriculturally significant regions in southern Australia are suffering drought conditions with rainfall deficiencies ranging from "serious" to "lowest on record". Critical spring rains, which are required as temperatures begin to rise, have not eventuated. Furthermore, various parts of Australia have experienced above average temperatures leading into summer, which have dramatically shortened typically more productive spring conditions.

The month of September experienced below average rainfall and above average temperatures for South Australia, Victoria and New South Wales according to the Australian Bureau of Meteorology. These conditions have followed historically low rainfall periods beginning with the driest June on record.

Post has assumed average weather conditions from December onward. However, even if this occurs (and average rainfall is received), it is unlikely to provide the relief necessary to achieve a return to normal production conditions for the 2007/08 crop. The moisture deficit created by drought conditions from June through to October will likely constrain most forms of agricultural production over the next 12 months.

**Production**

Australian citrus production in 2007/08 is forecast at 450 thousand metric tons (TMT), up slightly from the previous year but down significantly from the long-term average. Historic data shows the five-year average at 512 TMT, with the highest production level at 651 TMT in 2000/01.

Industry sources suggest that cuts in irrigation water allocations, brought about by plummeting water reserves, will likely constrain production to historically lower levels in 2007/08. Improvements in irrigation technology, although significant, will likely not fully alleviate water supply constraints.

Post's 2007/08 forecast takes into account worsening irrigation water availability but does not include a severe frost event, such as the one experienced in June this year. Such a frost event leading up to the 2007/08 harvest would likely result in further reductions in production levels.

Australian citrus production (Navel and Valencia oranges) in 2006/07 is estimated at 444 TMT, down slightly from Post's previous estimate (GAIN Report #AS6045). Severe frosts, which occurred in the first half of the Navel harvest (June 2006), combined with extremely dry conditions, have caused a sharp decline in production.

The 2006/07 Navel harvest, which was previously estimated at about 225 TMT, has been revised upward to 237 TMT. High prices and strong export demand have provided incentives to harvest all fruit that was not adversely affected by weather.

Valencia production in 2006/07 is currently estimated at about 207 TMT, well below previous estimates of 227 TMT. The harvest, which commenced in October and runs through February, has also been affected by frost and drought conditions.

### **Crop Quality**

Industry sources report that dry conditions and a lack of irrigation water could result in smaller sized fruit for the 2007/08 harvest. Cultural practices will likely change to accommodate drier conditions, however the drought currently being experienced is so severe that without a major shift in climatic conditions, crop quality in 2007/08 will likely be affected.

Previous concerns regarding crop quality in the 2006/07 crop, due to frosts have not materialized. It appears at this stage that quality control measures have been largely successful in preventing frost-affected fruit from entering the supply chain.

### **Market Access**

In October 2006, Agriculture Minister McGauran announced that the recent finalization of export protocols for Australian citrus to China had paved the way for the first shipment from the Riverina. The Chinese market is estimated to be worth a potential A\$50 million a year to Australian exporters.

### **Exports**

Exports for 2007/08 are forecast at 105 TMT, down slightly on the revised estimate for the previous year. Despite this decline, this forecast represents relatively strong export performance considering the relatively low rate of production.

Estimated exports for 2006/07 have been revised upwards sharply to 115 TMT. Industry sources report export demand as very strong and has effectively kept exports at relatively high levels despite the smaller crop.

## SECTION TWO: STATISTICAL TABLES

PSD Table Oranges, Fresh										
	2004	Revised		2005	Estimate		2006	Forecast		UOM
	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	USDA Official	Post Estimate	Post Estimate New	
Market Year Begin		04/2005	04/2005		04/2006	04/2006		04/2007	04/2007	MM/YYYY
Area Planted	32000	32000	32000	32000	32000	32000	0	0	320	(HECTARES)
Area Harvested	27000	27000	27000	27000	27000	27000	0	0	270	(HECTARES)
Bearing Trees	6045	6045	6045	6060	6060	6060	0	0	6060	(1000 TREES)
Non-Bearing Trees	1130	1130	1130	1150	1150	1150	0	0	1150	(1000 TREES)
Total No. Of Trees	7175	7175	7175	7210	7210	7210	0	0	7210	(1000 TREES)
Production	547	547	547	450	450	444	0	0	450	(1000 MT)
Imports	13	13	13	15	15	15	0	0	15	(1000 MT)
Total Supply	560	560	560	465	465	459	0	0	465	(1000 MT)
Exports, Fresh	131	131	131	75	75	115	0	0	105	(1000 MT)
Fresh Dom. Consumption	209	209	209	210	210	180	0	0	185	(1000 MT)
For Processing	220	220	220	180	180	164	0	0	175	(1000 MT)
Total Distribution	560	560	560	465	465	459	0	0	465	(1000 MT)

## Recent Reports from FAS/Canberra

The reports listed below can all be downloaded from the FAS website at:  
<http://www.fas.usda.gov/scripts/AttacheRep/default.asp>.

Report Number	Title of Report	Date
6073	Ag DownUnder Vol. 17	11/17/06
6072	Dairy Annual	11/17/06
6071	AWB Rejects Export Applications for 3 MMT, Sparks Controversy	11/09/06
6070	Australia Revises Import Conditions for California Table Grapes	11/06/06
6069	Ag DownUnder Vol. 16	11/03/06
6068	Australia Considers Grain Imports; Additional Drought Aid Announced	10/31/06
6067	Government Announces Changes to Import Risk Analysis Process	10/31/06
6066	Grain Quarterly Update	10/20/06
6065	Frost Affects Fruit Production in Goulburn Valley, Victoria and Tasmania	10/18/06
6064	A\$350m Additional Drought Aid	10/17/06
6063	Ag DownUnder Vol. 15	10/12/06